

FOREIGN OWNERSHIP OF AGRICULTURAL LAND^{1/}
OHIO VS. SELECTED COMPARISONS
1983

by

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INTRODUCTION

Foreign ownership of agricultural land, a sensitive and emotional issue, is being monitored at state and national levels to determine its impact on family farms and rural communities. The social and economic concerns associated with foreigners owning a most precious resource--American farmland--are better understood if we know the facts. This paper presents the latest information available on the subject and will help put the concerns in proper perspective.

CONCENTRATION OF FOREIGN OWNERSHIP

Foreigners own land in 49 states. Rhode Island was the only state without reported foreign ownership of agricultural land. Maine, on the other hand, had the largest amount, 2.7 million acres; 14 percent of the privately-owned agricultural land in the state and 20 percent of the foreign-owned U.S. agricultural land. Virtually all of the foreign-owned land in Maine is timberland. Except for these two states, only a small portion of the privately held agricultural land in each state is foreign owned (see Table 1).

^{1/}Data reported in this paper are extracted from "Foreign Ownership of U.S. Agricultural Land through December 31, 1983," by J. Peter Debraal and T. Alexander Majchrowicz, NRED, ERS, USDA. Washington, D.C. ERS Staff Report No. AGES840328, April 1984.

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Table 1. AGRICULTURAL LANDHOLDINGS OF FOREIGN OWNERS^{1/}
OHIO VS. SELECTED COMPARISONS
1983

State	Total Land Area (million acres)	Privately-Owned Agricultural Land (million acres)	Foreign-Owned Agricultural Land (thousand acres)	Percentage of Privately-Owned Agricultural Land Foreign-Owned
Ohio	26.2	23.0	47.0	.2
Indiana	23.0	20.9	97/0	.5
Illinois	35.6	32.3	151.1	.5
Michigan	36.5	26.1	197.6	.8
New York	30.3	24.3	377.5	1.6
U.S. ^{2/}	2265.2	1290.3	13,739.6	1.1

^{1/} Numbers rounded to nearest tenth.

^{2/} Includes Puerto Rico and Guam.

The amount of agricultural land in Ohio owned by foreigners and the percentage that is of all privately-owned agricultural land is lower than in neighboring corn belt and lake states. In Ohio approximately 47,000 acres (.2 percent of the total) was owned by foreigners. The absolute and relative numbers were larger to the west, north, and east. The higher amounts in New York and Michigan are likely associated with the ownership of timberland. The higher amounts in Illinois and Indiana more likely associated with farmland (i.e., cropland and pasture). Only nine states or territories had a lower percent of privately-owned agricultural land owned by foreigners than Ohio. Six of these were part of the breadbasket--Iowa, Kansas, North Dakota, Oklahoma, South Dakota, and Wisconsin. Each of these six had .1 percent of privately-owned agricultural land owned by foreigners. The greatest concentration of foreign-owned land (two percent or more of all privately-owned agricultural land) is located in the far northeast (New Hampshire and Maine), the far southeast (Alabama, Georgia, South Carolina, and Florida), and the southwest (Utah and Arizona). The north central states, with the exception

of Minnesota, Michigan, Illinois, and Indiana, all have .2 percent or less of their privately-owned agricultural land owned by foreigners. Concentration of foreign ownership of agricultural land, in the aggregate, does not appear to be a problem that should be of grave concern, socially or economically. However, one must remember that often foreign ownership is concentrated in local areas within the state. Hence, the heightened interest and concern by and about the local economic and social infrastructure.

CHARACTERISTICS OF FOREIGN OWNERS

Type of Owner

Throughout the U.S., individuals are the most common type of foreign owner. They account for 51 percent of the owners. Corporations account for 34 percent and partnerships 12 percent. The remaining three percent of owners is a mix of estates, trusts, churches, institutions, associations, etc. However, corporations own 50 percent of the parcels and 84 percent of the acreage while individuals own 36 percent of the parcels and 7 percent of the acreage. Partnerships hold 12 percent of the parcels and 9 of the acreage (See Table 2 for these and other data).

Table 2. U.S. AGRICULTURAL LANDHOLDINGS
BY TYPE OF FOREIGN OWNER
DECEMBER 31, 1983

Type of Owner	Number of Owners	Number of Owners	Number of Owners (millions)	Parcels Partial Owned	Owned ^{2/} Acres (millions)
Individual	4,292	5,292	.9	503	.8
Corporation	2,874	7,395	11.4	560	10.2
Partnership	1,044	1,787	1.3	259	1.2
Other	288	332	.2	15	.2
Total	8,498	14,806	13.7	1,337	12.4

^{1/} Includes partially-owned areas.

^{2/} Adjusted to reflect effect of partially-owned acres.

Reporting the data on a state basis shows some interesting differences between foreign owners in Ohio and neighboring states (see Table 3). Organizations own most of the parcels in neighboring corn belt states while individuals own most of the parcels in neighboring lake states. Ohio is more like its corn belt neighbors in this respect; 40 parcels are owned by individuals and 299 parcels are owned by organizations.

Table 3. FOREIGN OWNERS OF U.S. AGRICULTURAL LAND
OHIO VS. SELECTED STATES
DECEMBER 31, 1983

State	Individually Owned		Owned by Organization	
	Parcels	Acres	Parcels	Acres
Ohio	40	7,429	299	39,553
Illinois	48	11,223	329	139,879
Indiana	31	5,443	265	91,433
Michigan	67	5,480	53	191,098
New York	537	44,944	167	332,530
U.S.	5,292	916,273	9,514	12,823,329

Size of Holding

Foreign holdings of U.S. agricultural land are concentrated with smaller acreages held by individuals and larger acreages held by corporations. This is not unexpected. Seventy percent of all foreign owners own less than 300 acres; in total they own less than three percent of the foreign-owned land. The remaining 30 percent of foreign owners hold parcels consisting of 300 acres or more and own approximately 97 percent of the land (see Table 4).

Purchase Price and Value of Holding

The concern that foreign owners of U.S. farmland have reaped tremendous capital gains in land value are largely dispelled by the data presented in Table 5; to be sure, some did. However, those that held land at the end of 1983 did not, as a group, experience tremendous capital gains. Remember

that more than half (57 percent) of the U.S. land held by foreigners at the end of 1983 had been purchased during or after 1979.

Table 4. FOREIGN-OWNED U.S. AGRICULTURAL LAND
BY SIZE OF HOLDING
DECEMBER 31, 1983

Size	Owners		Parcels		Acres	
	Number	Percent	Number	Percent	Number	Percent
(acres)	(1000's)					
Less Than 20	2,205	26	2,313	16	16.2	.1
20-59	1,435	17	1,647	11	50.2	.4
60-99	718	8	948	6	56.0	.4
100-299	1,564	18	2,066	14	275.9	2.0
300-999	1,493	18	2,250	15	834.6	6.1
1000 or more	1,083	13	5,577	38	12,506.6	91.0
Total	8,498	100	14,806	100	13,739.6	100.0

Table 5. FOREIGN-OWNED U.S. AGRICULTURAL LAND
PURCHASE PRICE AND CURRENT VALUE
OHIO VS. SELECTED STATES
DECEMBER 31, 1983

State	Acres	Purchase Price ^{1/}		Current Value ^{2/}	
		Total (1000's)	Per Acre	Total (1000's)	Per Acre
Ohio	46,982	\$ 97,980	\$2,085	\$ 104,252	\$2,219
Indiana	96,876	113,542	1,172	106,123	1,095
Illinois	151,102	221,901	1,469	245,625	1,626
Michigan	196,578	69,107	351	60,521	308
New York	377,474	85,342	226	90,415	240
U.S.	13,739,602	\$10,165,499		\$10,273,977	\$ 748

^{1/}At time of acquisition.

^{2/}April 1, 1983.

Notice that the land purchased in Ohio was higher priced at the time of purchase and maintains a higher current value than in neighboring states. The fact that both of these numbers are higher relative to neighboring states

is some indication that foreigners may be purchasing higher quality land in Ohio. In Michigan foreign owners experienced a slight capital loss, on the average. The low current values in Michigan and New York seem to substantiate the thought that these landholdings are probably timberland. As one draws the conclusion that foreigners have not reaped large capital gains on U.S. farmland holdings, it is important to remember that the data describe those that have held the land through the recent decline of 33 percent or more of value. Some undoubtedly sold out at the peak and did reap significant capital gains.

Country of Origin

Keep in mind, when the data indicates that 13.7 million acres of U.S. agricultural land is held by foreigners, that 63 percent of this land is actually held by U.S. corporations with foreign interests. Thirty-seven percent is held by foreigners not associated with a U.S. corporation. The data in Table 6 present a clear picture of this information and include the major countries involved.

It is not surprising to discover that Canadians, through U.S. corporations and individuals not associated with a U.S. corporation, hold the largest amount of foreign-owned agricultural land in the U.S.; nearly one-third of the total (31 percent). Persons from the United Kingdom and Hong Kong are the next largest group of foreign owners with 28 percent of the total. Foreign persons from West Germany and the Netherlands (including Antilles) own about 18 percent. Persons from these six countries own approximately 75 percent of all reported foreign-owned holdings of U.S. agricultural land. Persons from the United Kingdom reported owning 37 percent of the foreign-owned acres in the North Central region, while persons from

Table 6. U.S. AGRICULTURAL LANDHOLDINGS
BY COUNTRY OF FOREIGN OWNER
DECEMBER 31, 1983

Country of Owner	Number of Owners	Number of Parcels	Total Acres (1000's)
<u>Excluding U.S. Corps. with Foreign Shareholders</u>			
Canada	2,765	3,193	1,471
West Germany	1,046	1,539	705
Netherlands (including Antilles)	882	1,248	678
United Kingdom	225	299	402
Switzerland	279	382	249
Mexico	230	309	214
All Other	1,510	2,350	1,357
Subtotal	6,937	9,320	5,076
<u>U.S. Corps. with Foreign Shareholders</u>			
US/Canada	283	1,044	2,835
US/Hong Kong	8	70	1,692
US/United Kingdom	134	1,773	1,526
US/Netherlands (including Antilles)	224	820	578
US/West Germany	203	396	491
US/France	68	249	328
US/Switzerland	139	271	197
All Other	502	863	1,016
Subtotal	1,561	5,486	8,644
TOTAL	8,498	14,806	13,740

Hong Kong, West Germany, and Canada reported holding a third (33 percent) of the acres. The data presented in Table 6 indicate that foreign-owned U.S. agricultural land is concentrated in the hands of persons from a few countries; countries whose economics are closely linked to that of the U.S.

Land Use

Most of the U.S. agricultural land that foreigners own is forest--57 percent; cropland (i.e., row cropland) accounts for only 14 percent of the

total held; cropland, pasture, and other cropland account for 38 percent of all foreign-owned holdings but only .4 percent of all privately held agricultural land in the U.S. There seems to be little evidence to support the concern that--"foreigners own too much of our good cropland."

Table 7. USE OF U.S. AGRICULTURAL LANDHOLDINGS^{1/}
BY COUNTRY OF FOREIGN OWNER
DECEMBER 31, 1983

Country of Owner	U S E O F L A N D				
	Cropland	Pasture	Forest	Ag. Use ^{2/}	Other ^{3/}
- - - 1000 acres - - -					
<u>Excluding U.S. Corps. with Foreign Shareholders</u>					
Canada	165	170	1,012	34	91
West Germany	296	189	157	29	33
Netherlands (including Antilles)	269	216	77	79	26
United Kingdom	84	165	127	18	8
Switzerland	68	76	46	34	24
Mexico	17	152	6	29	10
All Other	273	563	339	74	118
Subtotal	1,172	1,531	1,764	297	310
<u>U.S. Corps. with Foreign Shareholders</u>					
US/Canada	56	96	2,602	22	59
US/Hong Kong	1	5	1,685	0	27
US/United Kingdom	70	303	984	63	107
US/Netherlands (including Antilles)	146	261	89	32	50
US/West Germany	121	268	38	16	48
US/France	23	45	221	22	17
US/Switzerland	87	45	30	22	13
All Other	237	216	399	92	44
Subtotal	741	1,239	6,048	269	365
TOTAL	1,914	2,771	7,813	566	675

^{1/}Numbers rounded to nearest 1000; totals may not add.

^{2/}Includes orchards and vineyards.

^{3/}Not used for agriculture or no use reported.

Notice in Table 7 that forest land is the dominant type of agricultural land held by foreigners in the U.S. Canadians own 46 percent of the foreign-owned U.S. forest land; U.S./Hong Corporation interests own 22 percent and people from the United Kingdom hold 14 percent. Together, these three groups hold 82 percent of the foreign-owned U.S. forest land. Forest is the predominant land use for both groups of holders--corporate and non-corporate. Although for the non-corporate holders it is a lower percentage of the total.

Non-corporate affiliated persons hold nearly three times as much pasture and forest land (3,295,000 acres) as they do crop land (1,172,000 acres). Most of the crop land is owned by persons from West Germany, the Netherlands (including Antilles) and Canada, 55 percent. People from the United Kingdom and Switzerland are the next largest foreign holders of U.S. agricultural crop land, each with eight percent.

TRENDS IN ACQUISITION AND DISPOSITION

Purchases of U.S. agricultural land by foreigners peaked in 1981 and decreased significantly in 1982 and 1983 and is likely to continue downward in 1984. Low earnings and deflating land prices in recent years have reduced foreign interest in purchasing U.S. agricultural land. High earnings and rapidly escalating land prices created a lot of activity in the late 1970s, 1980, and 1981. Selling activity is likely to escalate and may even exceed purchases in the coming years.

SUMMARY

The quantity of U.S. agricultural land that is owned by foreigners (slightly more than one percent as of December 31, 1983) remains so small that it is unlikely to have any impact (positive or negative) on U.S.

Table 8. FOREIGN-OWNED U.S. AGRICULTURAL LAND
ACQUISITION AND DISPOSITION
1981-1983

Year	A C R E S	
	Purchased	Sold
1979	2,403,813 ^{1/}	--
1980	1,181,911 ^{1/}	--
1981	3,461,815	268,520
1982	807,740	167,185
1983	345,568	229,118

^{1/} Purchased in this year and still held on 12/31/83. Total purchases were likely somewhat greater.

agriculture. Some communities, however, in areas of highest concentration could be affected if foreign owners operate the land in a manner different from surrounding farms. Forest land accounts for 57 percent all foreign-owned agricultural land. Only 14 percent of this acreage is crop land. Corporations own most (83 percent) of the foreign-owned agricultural acres. Persons from Canada, the United Kingdom, Hong Kong, West Germany, and the Netherlands (including Antilles) account for 73 percent of agricultural acres owned by foreigners. Except of Maine, most foreign holdings are in the South and West. Foreigners, as a rule, do not take land out of production or change its use. The quantity of U.S. agricultural land owned by foreigners is too small to have a measurable impact at the national level. This, however, may not be the case locally. The percentage of Ohio's privately-owned agricultural land owned by foreigners is approximately .2 percent. This is less than in neighboring states. Farmers and citizens of Ohio have little cause for concern about foreigners owning Ohio farmland.

